

INTERMOUNTAIN POWER SERVICE CORPORATION

January 7, 2004

Mr. Dale Naughton
TEI Construction
550 B Brookshire Rd.
Greer, South Carolina 29651

Dear Mr. Naughton:

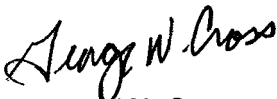
Letter of Intent
Secondary Air Heater Modifications and Burner Replacement Projects

We are providing this document as evidence of intent to form contracts with TEI Construction for installation work associated with Intermountain Units 1 & 2 Secondary Air Heater Modifications and Unit 2 Burner Replacement Projects. The contracts' terms for both the above-named projects are currently in the final stages of negotiation and will be issued for final review within the next few days.

This letter is to serve as interim substantiation of our intent to fully reimburse TEI Construction for all reasonable costs incurred in execution of the work scopes associated with the two proposed contracts, while the proposed contracts are being finalized or in the unlikely event that one or both of the proposed contracts cannot be finalized. With the exception of the few issues being finalized, the terms of the proposed contracts will be used as the basis for guiding the ongoing work.

We look forward to a well-coordinated, successful outage similar in approach to the Unit 1, 2003 outage completed last spring. You may contact Mr. James Nelson at (435)864-6464 with questions or comments.

Sincerely,



George W. Cross
President & Chief Operations Officer

 JHN/JKH:jmj